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Decision 03-03-051 March 24, 2003

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on policies and practices for advanced metering, demand response, and dynamic pricing.	Rulemaking 02-06-001 (Filed June 6, 2002)

ORDER CORRECTING ERROR

It has come to my attention that there was an inadvertent error in the preparation of Attachment D to Decision (D.) 03-03-036, the Commission's Interim Opinion in Phase 1 Adopting Programs for Residential and Small Commercial Customers. While the Commission intended to conform Section 1.5.7.3 (CPP-V four hour duration) with Section 1.5.6.2 (CPP-F five hour duration) so that both sections referred to a five-hour critical peak pricing period, through inadvertence, the final version of both sections in Attachment D referred to a four-hour critical peak pricing period. Correction of this obvious, inadvertent technical error is necessary in order to give effect to the Commission's intent.

Therefore, pursuant to the authority granted in Resolution A-4661, **IT IS ORDERED** that Section 1.5.6.2 and Section 1.5.7.3 of Attachment D are corrected to revise the duration of both the CPP-F period and the CPP-V period from four

to five hours. These corrections are shown on the revised version of Attachment D appended hereto.

Dated March 24, 2003, at San Francisco, California.

/s/ WILLIAM AHERN

WILLIAM AHERN
Executive Director

Attachment D

Experimental Residential Time-Of-Use Tariffs
Page 1

The purpose of the Experimental Time-Of-Use tariffs & Critical Peak Pricing (TOU-CPP tariffs) is to measure customers' demand response and experience with critical peak price signals sent by utilities on a day ahead basis in an attempt to reduce consumption and overall costs during forecasted periods of high peak demand and costs for the system.

1.1. **Effective Date:** June 1, 2003 through December 31, 2004.

1.2. **Applicability**

1.2.1. These tariff schedules are applicable to all residential bundled service customers in Southern California Edison (Edison), Pacific Gas and Electric (PG&E), and San Diego Gas and Electric (SDG&E) service territories.

1.2.2. Service under these experimental tariffs is restricted to the customers that are randomly selected by the utility.

1.3. Customer Recruitment

1.3.1. Customers shall be randomly selected based on the sample design filed with the Commission.

1.3.2. Customers shall have the option to decline to participate in an experimental tariff.

1.3.3. Customers shall receive an incentive payment for their participation in this experiment.

1.3.4. Customers shall have the option of returning to their applicable tariff schedule.

1.3.5. Customers selected for an experimental tariff schedule may be required to have either a central air conditioner, electric water heater or pool pump on their premises compatible with the utility installed technology treatment.

Attachment D

Experimental Residential Time-Of-Use Tariffs
Page 2

1.4. **Time-Of-Use time periods**

1.4.1. These experimental tariffs shall be designed with two time periods, an on-peak and off-peak period. The *on-peak period* shall be from 2 p.m. to 7 p.m. weekdays, and the *off-peak period* all hours outside the on-peak period for weekdays including weekends and holidays.

1.4.2. For purposes of the SPP only, for all three respondent IOUs, the Summer season is defined as May 1 through October 31 and the Winter season the remaining six months of the year.

1.5. Experimental Rate Treatments

1.5.1. The TOU rates shall be designed using the "clean-sheet" approach following the principles outlined in this order.

1.5.2. The low-price ratio TOU rate treatment shall have an on-peak to off-peak price ratio that meets the rate design conditions outlined in this order.

1.5.3. The high-price ratio TOU rate treatment shall have an on-peak to off-peak price ratio that meets the rate design conditions outlined in this order.

1.5.4. These tariffs should be designed so that customers can clearly find the total off-peak and on-peak prices they are being charged.

1.5.5. An adjustment shall be applied to customers' electricity bills so that the average electricity bill within low, typical and high customer usage levels (residential) or Class (small commercial) for any given month does not increase or decrease by more than 5% compared to current rates for those customers that do not change their usage pattern. Utilities should file, within 7 working days of the final decision, their recommended final TOU tariffs and the associated adjustment option, including an estimate of the likely bill impacts for low and high usage customers assuming no shift in usage patterns. The tariff filing shall also include an example of how the bill will be presented to customers.

Attachment D

Experimental Residential Time-Of-Use Tariffs
Page 3

1.5.6. A fixed Critical Peak Price (CPP-F) rate shall also be tested as part of the rate treatments in combination with a low and high price ratio TOU-tariffs. The UDCs shall propose CPP rate level that meets the rate design conditions outlined in this order. The CPP/TOU rate should be designed such that the CPP rate is between 5 and 10 times the off peak rate to approximate the range of cost increases that have been experienced on a critical peak day with high temperatures and tight supplies.

1.5.6.1. Activation of the CPP rate shall be limited to no more than 15 days per calendar year during on-peak hours, twelve of those days shall be during the summer period and three during the winter period. The criteria that will be used for triggering a CPP event shall be specified in the tariff filings.

1.5.6.2. A CPP event should be limited to five (5) hours per event for up to 3 consecutive days.

1.5.6.3. Each customer shall be notified by 5:00 p.m. the day prior to implementation of the CPP event.

1.5.7. A variable Critical Peak Price (CPP-V) rate shall be tested as one of the rate treatments in combination with a low and high price ratio TOU-tariffs. The UDCs shall propose CPP rate level that meets the rate design conditions outlined in this order

1.5.7.1. The critical peak hours for the variable CPP shall be limited to 90 hours per calendar year. The criteria that will be used for triggering a CPP event shall be specified in the tariff filings.

1.5.7.2. The critical peak start hour, duration, and the end hour may vary with each notification, but the duration of the critical peak event shall not exceed five (5) consecutive hours.

1.5.7.3. Each customer shall be notified of the critical peak start hour and duration at least four hours prior to a critical peak.

Attachment D

Experimental Residential Time-Of-Use Tariffs
Page 4

1.6. Information Treatment

1.6.1. Customers shall be provided with explicit price information on their monthly bills, including the total critical peak, on-peak and off-peak rates applicable to the customer and monthly consumption during each time period. Customers shall also receive information on their shadow bill (eg the monthly bill amount calculated using their old tariff rate), as discussed in Section IV.A.7 of the decision.

1.6.2. Each customer must be provided with educational information on the experimental tariff and options for reducing on-peak usage. A copy of this information shall also be provided to the Commission's Energy Division.

1.6.3. Each customer must complete a customer information survey, which may include, but not be limited to, questions about number of members in the household, income, end-uses, dwelling size, and age.

1.6.4. Customers participating in an experimental tariff shall receive energy usage and cost information via bill inserts, printed literature, fax, e-mail, pager, radio and/or web based content accessed via the Internet.

1.7. **Metering**

1.7.1. Each customer shall be provided with the necessary metering equipment for billing and load monitoring, at no cost to the customer.

1.8. Technology Treatments

1.8.1. For the Variable Critical Peak Pricing treatment customers should be offered a choice of control devices based on the customer's appliances inventory and usage level. In addition to testing smart thermostats for HVAC control in homes where these devices have already been installed, the experiment design should offer to provide load control devices for pool pumps and electric water heaters. The customer should have the choice of installing one of these three control strategies or to install none of them and rely on manual control strategies.

Attachment D

Experimental Residential Time-Of-Use Tariffs
Page 5

1.9. **Monitoring and Reporting:**

1.9.1. Bi-monthly reports shall be filed every two months with the Energy Division and the staff of the California Energy Commission for the duration of the experiment, which should include information on:

1.9.1.1. The number of customers participating in the experiment and the number of customers who have chosen to opt-out on a monthly basis;

1.9.1.2. Monthly operating expenses and capital expenditures;

1.9.1.3. The number and timing of any critical peak pricing periods called during the previous two months.

1.9.1.4. Information on how customers are responding to the experimental rates including:

a) Summaries of any oral or written feedback from customers;
b) Information available on the average level of peak reductions being achieved on a statewide per household or regional basis
c) Information on load control, technology performance (failure rates, customer complaints);
d) Feedback on how information treatments are being received by customers;

1.9.1.5. Identification of significant problem(s) being encountered in the implementation of the pilot which require Commission attention and or action.

1.9.1.6. Interval meter data for participating customers spanning the previous two months of energy usage in a comma delimited electronic file format. The files should include customer ID #'s (masked to protect confidentiality), strata, dates and daily readout of clean fifteen minute interval data to allow for an analysis of aggregate usage trends

(END OF ATTACHMENT D)